

## **Lewis Investment Company, LLC.**

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July 8, 2010

Tim Raney  
Planning Director  
City of Wheatland  
313 Main Street  
Wheatland, CA. 95692

**Re: Heritage Oaks East**

Dear Tim:

Pursuant to our discussion, I am writing to give you a status report regarding Lewis' negotiations for the purchase of the above property.

As you know, I addressed the City Council last month to indicate that we have been discussing the purchase of the property from the current owner. The owner is the liquidating trust of a bankrupt entity and their directors only yesterday approved moving forward to finalize a purchase agreement with us. The owner is not in a position to advance any funds to cure the development agreement default and would look to have their buyer do that.

We recognize that the City has been attempting to collect funds owned by the project for some time and you are rightly frustrated by the lack of progress. Please recognize that Lewis has a relatively brief history with this project but would certainly look to cure the default if and when we are able to finalize our agreement and ultimately purchase the property. In the spirit of full disclosure, Lewis will not be in a position to move forward with the purchase of the property should the RD 2103 assessment fail to pass and we have made sure that the owner has turned all of their ballots.

If and when however we are able to finalize our agreement to purchase the property and the assessment vote passes next week, Lewis would be in a position to promptly pay the \$16,007.65 owed for the traffic signal. We would then pay the remaining amounts owed when we complete our due diligence and close the transaction. The closing is anticipated to occur sometime in August of this year.

You indicated that the City is looking to acquire a portion of the park site at the southern end of the property adjacent to the wastewater treatment plant. Promptly following our purchase of the property, Lewis would certainly cooperate in a dedication of this area provided that there is no material negative impact to the project.

We look forward to the opportunity to do work in Wheatland and ask that the City postpone any

action to terminate the development agreement for 30 additional days. Should you have any questions or comments, please feel free to contact me.

Sincerely,  
LEWIS OPERATING CORP.



Douglas V. Muir  
Vice President  
Land Acquisition/Development

Cc: Steve Wright